

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 119 – HB 421

March 24, 2011

SUMMARY OF BILL: Requires any fee collected by the Department of Human Services (DHS) for the collection of child support payments totaling more than \$500 to be paid equally by the obligor and the recipient of the child support payments.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$160,200/One-Time
\$74,300/FY12-13 and Subsequent Years**

**Increase Federal Expenditures - \$208,600/One-Time
\$41,700/FY12-13 and Subsequent Years**

Assumptions:

- Currently, a \$25 fee is collected from any non-Temporary Assistance for Needy Families (TANF) case after \$500 has been collected in a 12-month period.
- DHS estimates significant modifications to the Tennessee Child Support Enforcement System (TCSSES) resulting in 4,000 man-hours to analyze, design, code, and test the system at a rate of \$79 per hour resulting in a one-time increase in state expenditures of \$316,000.
- The Child Support Enforcement program is funded by both state (34 percent) and federal (66 percent) funds. Of the \$316,000 in additional one-time expenditures, \$107,440 will be state funds and \$208,560 will be federal funds.
- DHS also estimates an increase in recurring expenditures of \$63,200 for the annual software maintenance costs. The expenditures will begin in FY12-13 and will also be funded by federal funds at a rate of 66 percent. Of the \$63,200 in recurring expenditures, \$21,488 will be state funds and \$41,712 will be federal funds.
- Based on fee collections of approximately \$1,600,000 in FY09-10, the proposed legislation will require \$800,000 of the mandatory fee to be collected from the non-custodial parent. It is estimated that ten percent (\$80,000) of that will be uncollected. The Child Support Program is required to pay the federal share of all required fees to the federal government at a rate of 66 percent even if DHS is unable to collect the amount from the non-custodial parent. As a result, annual state expenditures will increase by \$52,800 ($\$1,600,000 \times 66\% \times 50\% \times 10\%$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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